

I am John Siebert, project leader for the Owner-Operator Independent Drivers Association Foundation. Thank you, Mr. Chairman, and distinguished members of the Subcommittee for inviting me to speak about the retail-sale of Hot Fuel.

The Owner-Operator Independent Drivers Association is the nations' largest trade association representing small fleets and truck drivers. Many of our members were reporting a wide range of fuel mileage from one fill-up to the next and that prompted the OOIDA Foundation to perform a nationwide survey of diesel fuel quality. The only significant variable we could identify was the temperature of the fuel. We had temperatures reported as high as 114 degrees.

Here are the reasons why dispensing hot fuel creates problems:

- The petroleum industry uses a reference temperature of 60 degrees F to determine the volume of a gallon of fuel.
- As with many materials, when heated, fuel expands, thus increasing its volume.
- Retail pumps do not compensate for this expansion, consequently while the pump may deliver a gallon by volume, each gallon delivered contains less energy when the fuel is warmer than 60 degrees.
- Internal combustion engines run on energy, not volume.

Through every step of petroleum production and distribution, up to and including the refinery rack, volume is computed using temperature compensation. From that point, no temperature compensation takes place. If fuel is hot, the 8,000 U.S. Petroleum Gallons bought at the rack may be 8,240 U.S. Standard Gallons which the retailer sells, but, each gallon has a reduced amount of energy.

Simply put, the American consumers are not getting what they pay for. Consumers are paying for energy they do not receive. This can equal \$27 to 45 per car per year. Consumers are also paying federal gasoline taxes of around \$140 million on these expanded gallons, which are never remitted to the government.

How it affects our members?

- Our members consumed 4.1 billion gallons of diesel fuel in 2006.
- At \$2.65 per gallon that equals \$11 billion per year.
- For truckers hot fuel can mean losses of \$450-630 dollars per truck, per year.

What can be done?

- New automatic temperature compensated pumps, or ATC retrofitted pumps, dispense an amount of fuel that is equal to a gallon at 60 degrees.

- There are already precedents for this
 - In 1975, Hawaii adopted a gasoline gallon sized as if it were 80 degrees
 - Since 1995, Puerto Rico, has had legislation mandating temperature compensation of all retail pumps, however it has never been implemented
 - In Canada, where fuel is cooler, retailers were very supportive of voluntarily converting to automatic temperature compensation pumps.

Why it hasn't been addressed before?

- Last year it is estimated that retailers made an additional \$2.3 billion dollars off of Hot Fuel sales.
- Petroleum producers and retailers seem to be universally opposed to adopting ATC at the retail level.

This reminds us old-timers of making sure the meat cutter kept his thumb off the scales when selling you a pound of hamburger. Fuel retailers are the meat cutters with their thumb on the scales ripping off American consumers some \$2.3 billion dollars a year.

The Petroleum Marketers Association of America has stated that mandating temperature compensated or retrofitted pumps for fuel stations would increase the price of fuel consumers must pay.

- Retailers face a one-time charge that is nearly equal to the annual impact of HOT Fuel on consumers.
- The PMAA admits that HOT Fuel provides less energy, but will tell you it all balances out when buying cooler fuel in the winter. I direct you to the charts and graphs in my written statement which shows that this is not the case.

Since temperature affects the energy content of retail fuels, it is important that the buyer be just as aware of it as is the seller.

Temperature compensating retail pumps make the entire transaction transparent, and allow consumers to shop for their best fuel values, because, every gallon of similarly labeled fuel contains the same energy.

Mr. Chairman, distinguished members of the subcommittee, again, thank you for this opportunity to address HOT FUEL during the hearing. I look forward to answering any questions you might have.